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MLB, StubHub ink resale deal

The Boston Globe

By Se Young Lee and Bruce Mohl, Globe Staff | August 2, 2007

Major League Baseball is jumping into the fast-growing ticket resale business in a big way, entering into a five-year partnership today with StubHub Inc. to handle all of the league's online ticket resales.

The deal, which is scheduled to launch next season, shows how the once separate worlds of initial ticket sales and ticket resales are merging.

San Francisco-based StubHub will gain exclusive access to fans seeking to resell tickets through team websites, and Major League Baseball will unify those resales under one corporate umbrella. Terms of the deal were not disclosed.

"This is unlike anything that exists in the marketplace today," said Greg Bettinelli, director of business development for StubHub. "The secondary ticket market is becoming mainstream."

Twenty-six of the 30 Major League teams, including the Boston Red Sox, currently allow season ticket holders to sell unwanted tickets online, either on their own or through a third party. Those teams will now be given the option of using StubHub. If they choose not to participate, they will be barred from cashing in on the resale of tickets online.

The four teams that currently do not allow fans to sell unwanted tickets online are the New York Yankees, the Baltimore Orioles, the Minnesota Twins, and the Toronto Blue Jays.

Kenny Gersh, senior vice president of business development for MLB Advanced Media, the online arm of Major League Baseball, said the StubHub deal is a recognition that the resale market, whether fans like it or not, is here to stay.

"The secondary market is going to happen anyway, so we wanted to give fans the best experience we could," Gersh said.

The StubHub deal could be a major blow to local and national ticket resellers that traffic in the resale of baseball and other sports tickets.

Big corporate players have been moving into the business as states like New York, Connecticut, Pennsylvania, Florida, Louisiana, and Minnesota have removed restrictions on resale, effectively legalizing ticket scalping. Some analysts say the online resale market could be as big as \$10 billion a year.

EBay Inc., which itself is a major force in ticket resales, acquired StubHub in



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January, paying \$310 million. Ticketmaster Corp., which dominates the primary ticket market, meaning the initial sale of tickets, also has moved aggressively into the resale arena.

StubHub has promotional agreements with nearly 30 professional and collegiate sports teams, but the partnership deal with Major League Baseball is different in that it allows the online ticket marketplace to share space on team websites.

Fans could go to the websites to buy tickets sold directly by the team or resold by other fans via StubHub. StubHub typically charges sellers a fee equal to 15 percent of the sale price and buyers a 10 percent fee.

StubHub officials yesterday said they expected resold tickets would be delivered to fans electronically. Currently, StubHub ships tickets sold on its online marketplace to buyers via [FedEx](#).

The Red Sox are likely to participate in the StubHub arrangement, but the way it will work is unclear. The volume of ticket resales on the team's existing Replay service is currently small due to the Massachusetts antiscaling law, which limits resale prices to \$2 above face value plus some business and service charges. The Red Sox charge the buyer a 24 percent fee for handling the resale.

Key lawmakers on Beacon Hill are now pushing to remove the cap on the resale price cap, attempting to make Massachusetts like most other states.

"By the 2008 season, the world may be a little bit different in Boston," StubHub's Bettinelli said. "We're hoping the Red Sox ultimately decide this is appropriate for them."

One local team may not welcome StubHub with open arms. The New England Patriots, which use Ticketmaster for their initial ticket sales and resales, are currently suing StubHub in Suffolk Superior Court, alleging the online marketplace last season encouraged fans to violate the state's antiscaling law. StubHub has countersued, alleging the Patriots are trying to monopolize the resale of their tickets.

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